

# Chapter 3

## The Algorithmic Management: Reflecting on the Practices of Airbnb

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### **ABSTRACT**

*The aim of this chapter is to provide insights into the future development of HRM in the post pandemic tourism contexts, focusing on the concept of algorithmic management. The chapter explores how algorithms are used in performance monitoring and rewards in the case of Airbnb and the implications of this for its hosts. This is used as a basis to reflect on the trend towards quantifying human performance and the issues that management raised by algorithms and platform work. The research uses qualitative discourse analysis as its methodological approach. Textual, photographic, and video material from Airbnb homepages and documents are examined. The authors analyse the Airbnb algorithmic management from the perspective of the classical HRM functions and identify the defining features of Airbnb algorithmic management. This discussion considers the future directions of algorithmic management whereby we postulate that algorithmic management will become further embedded in the operations of traditional hospitality and services industries, beyond the current digital platform work.*

### **1. INTRODUCTION**

The aim of this chapter is to provide insights into the future development of human resources management (HRM) in the post pandemic tourism contexts, focusing

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on the technological developments in human resources management broadly understood under the concept of algorithmic management. The chapter explores how algorithms are used in performance monitoring and rewards in the case of Airbnb and the implications of this for its hosts. This is used as a basis to reflect on the trend towards quantifying human performance and the issues that management by algorithms and platform work raise.

We argue here that algorithmic management is a continuation and an extension of the classical understanding of human resource management (HRM). While the HRM in the traditional service economy is focused on organisations and physical presence of the management, the platform economy means web-based, platform mediated work. Significantly, platform workers are largely detached from organisational structures, apart from through the mediating platform. This raises questions around how those vital aspects of HRM occur and are transformed by this situation whereby the platform represents the human resources manager.

When discussing the historic role of technological innovation in the tourism contexts the most important focal points are not so much the technological improvements per se, but rather the business model innovations that often follow economic crises and fuel the way the technologies are used and developed. To illustrate, after the “dot.com bubble burst” in 2000 what followed in the next decade was the growth and eventual consolidation of the global tourism duopoly of the two largest conglomerates, both set up before the crisis in the same year 1996 – Booking Holdings versus Expedia Group. The two giants have risen from the ashes of the then “dot.com bubble” crisis by being able to harness the technological transformation of the global society.

Only 8 years later in 2008, the global financial crisis caused major disruption and extreme job losses across the globe. This was the fertile ground for the development of the “sharing economy” business models which eventually grew into the “platform economy” as we know it today, giving rise to the giants such as Airbnb – the first global player that after more than a decade managed to disrupt the global duopoly of the two above mentioned giants. Building on the ethos of the sharing economy, such as the example of Couchsurfing, Airbnb was able to harness not only technological innovation but much more so the societal acceptance of “sharing ideology”. This was not coincidentally described by one of his founders in the TED (Gebbia 2016) as “discovering it was possible to make friends while also making rent”. What followed was the rise of the platform economy and the new business models of platform work and algorithmic management.

Eleven years later, the global pandemic crisis occurred, and it remains to be seen what conclusions we will be able to draw in the future. What we argue here is that similar as to the two crises before, the global pandemic crisis will not cause technological development, but rather accelerate the initiatives which started before

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